"The question of limiting profits should be settled by the Chancellor of the Exchequer and Mr. Henderson, in consultation with the Shipping Controller, the decision to be reported to the War Cabinet at an early date."

An important development took place at the Admiralty in May, 1917, which had a direct influence upon the work of the Ministry of Shipping.

When I paid my visit to the Admiralty at the end of April to confer with the heads there as to measures to be taken to combat the submarine menace, I was told that the Navy could not work a convoy system properly because with all its immense fleet it had not sufficient craft to provide escorts. The excuse was neither adequate nor sincere, for armed trawlers served the purpose. But if it were true, then the task of increasing its resources for this purpose was one which clearly called for immediate supervision and direction by someone of energy and ability. I accordingly recommended to the War Cabinet that there should be appointed, as a member of the Board of Admiralty, a business man to super-intend the whole of the shipbuilding and proposed supply of material for naval purposes.

Need for instruction

A controller appointed

of naval shipbuilding

proposed

This proposal was not acceptable to the Board.

The Cabinet discussed it on 2nd May, 1917.

The First Lord pointed out that such functions were already provided for in the duties assigned

by Mr. Churchill to the Additional Civil Lord, although in fact those duties appear to have remained dormant. He stated that the First Sea Lord and himself were in complete agreement with regard to this recommendation, and were prepared to amplify, if necessary,